

RESTAURANT SPENDING:

**Consumer expenditures
on food
away from home
1988**

**National Restaurant Association
Research and Information Services Department
September, 1990**

Table of Contents

	<u>page</u>
Introduction	1
Executive Summary	3
SECTION ONE: Household expenditures on food away from home by single characteristics	6
- Household income	7
- Age of household head	12
- Household size	18
- Household composition	23
- Number of household earners	28
- Occupation of household head	33
- Region	38
SECTION TWO: Household expenditures on food away from home by two characteristics	42
Introduction	43
- Income and age of household head	43
- Income and household size	47

Introduction to consumer expenditures

Every year, the U.S. Department of Labor's Bureau of Labor Statistics compiles information on consumer expenditures. Consumer expenditure surveys are specialized studies in which the primary emphasis is on collecting data relating to family expenditures for goods and services used in day-to-day living. These studies also collect information on the amount and sources of family income, changes in savings and debts, and major demographic and economic characteristics of family members.

Methodology

The surveys, as they are conducted now, were started in 1979 and are on-going. Therefore, data are available at least on an annual basis. Data is compiled in two ways: 1) through the use of expenditure diaries; and 2) interviews.

The diary portion is used primarily to obtain expenditure data on small, frequently purchased items which are normally difficult for consumers to recall, such as meals and snacks eaten away from home. The diary portion is of interest to foodservice industry operators because it includes expenditures on food and beverages, both at home and away from home. A panel of 6,050 households in the diary survey record their expenditures for two consecutive 1-week periods throughout the year after which the data are weighted to represent the population of the United States.

The data are then reported for a variety of demographic factors such as age and occupation of household head, household income, household size and composition, the number of earners in the household and the geographic region in which the household is located. Age and household size data further cross-tabulated with household income to show more precise spending behavior of households.

Usefulness of data

The data presented in this publication may be used by foodservice operators in developing and implementing marketing strategies. The data show average household size and income for households based on the aforementioned demographics, as well as total annual expenditures and per capita expenditures on food away from home. The percentage of the household food dollar and total expenditures allocated to food away from home are also presented. These figures may serve as a guideline to indicate how certain demographic characteristics such as age, income and household composition are related to expenditures on food away from home.

An explanation of indexes

To further assist foodservice operators indexes of spending have been calculated. These indexes, presented as bar charts at the beginning of each demographic breakdown, indicate which demographic

groups contribute disproportionately large or small shares to total spending on food away from home.

For example, if a certain group accounts for 23 percent of the total households in the United States and 23 percent of total spending on food away from home as measured by the *Consumer Expenditure Survey*, the group has an index value of 100. Index values below 100 indicate that the group spent a smaller amount on food away from home than expected relative to their presence in the population. Conversely, index values above 100 indicate that a demographic group spent more on food away from home than their presence in the population would suggest.

A word of caution

In using these data it is essential to keep in mind that the results are averages for all households meeting the demographic characteristic highlighted, whether it is age, income, household composition or any other attribute. The expenditure data shown in the tables are averages for all consumer units with the specified characteristics, regardless of whether or not a particular household incurred an expense for that specific item during the record keeping period. For less frequently purchased items the average expenditure may be considerably lower than the expenditure by those households that purchased the item, because households not spending for the item recording a \$0 expenditure, would bring down the average expenditure for the group. Also, an individual household may spend more or less than the average, depending on its particular characteristics.

The dollar amounts show in the tables represent personal expenditures and exclude expense account spending. Furthermore, dollars spent for meals that are not individually identified, such as airline meals or those eaten by hospital patients, are not reported as expenditures for meals away from home. The dollar figures do, however, include expenditures on meals while on vacation as recorded in interview surveys.

When using the data it is important to look at total spending, per capita spending, percent of the total food budget and size of the specific group in question.

Executive summary

The following summarizes key findings regarding household expenditures for food away from home by demographic characteristics.

Household income

- o Household expenditures on food away from home increases as household income increases.
- o Those households in the highest income bracket (\$50,000 per year or more) had the highest per capita expenditures (\$1,028) and highest proportion (50.6 percent) of their food dollar budgeted for food away from home.
- o Households with income between \$5,000 and \$9,999 per year had the lowest per capita and proportional expenditures on food away from home.

Age of household head

- o Households headed by an individual 25 years old or younger allocated a larger portion of their food dollar to food away from home than households headed by older individuals--54.3 percent.
- o Conversely, households headed by a person 75 years old or older spent 29.2 percent of their food dollar on food away, a smaller amount than households headed by younger individuals. These households also had the lowest per capita expenditure on food away--\$377 per person per year.
- o Households headed by an individual between 45 and 54 had the highest per capita expenditure on food away from home--\$762 per person per year.

Household size

- o One person households allocated the largest portion of their food dollar to food away from home (52.7 percent) and had the highest per capita expenditures (\$1,099).
- o As household size increases, the proportion of the food dollar allocated to food away from home and per capita expenditures on food away from home decreases.

Household composition

- o Husband-wife households without children recorded the highest per capita expenditure on food away from home--\$834--while single parents with dependent children had the lowest per capita expenditure--\$370.

o Single person and other non-family households, such as unmarried roommates, spent a larger portion of their food dollar on food away from home than other households--48.4 percent.

Number of household earners

o Households without earners, regardless of their size, had lower expenditures on food away from home than those in which an earner was present.

o One person households with one earner had the highest per capita and portion of food expenditures on food away from home--\$1,375 per year or 59.3 percent of the food budget.

o Households of 2 or more people with 2 earners spent both a substantially larger portion of their food dollar and a larger per capita amount on food away from home than households of 2 or more persons with one earner.

Occupation of household head

o Households headed by a manager or professional allocated the largest portion of their food dollar to food away from home than other households--50.5 percent

o Households headed by a service worker had the lowest total expenditure on food away (\$1,413), but households headed by an operator, fabricator or laborer had the lowest per capita expenditure (\$483 per person per year).

o Retired individuals spent considerably less on food away from home than their employed counterparts.

Region

o Households in the Northeast region of the country were the biggest spenders on food away from home--\$712 per person per year or 44.6 percent of the food budget.

o Households in the South had the lowest per capita expenditures (\$582 per person) with households in the West spending the smallest portion of their food dollar on food away--41.9 percent.

Age of household head and income

o The amount spent on food away from home as well as the proportion of the food dollar spent on food away from home within each age category increases with income.

o Within each income category, the percent of the food dollar spent away from home generally declines as the age of the household head increases.

Household size and income

o The amount spent on food away from home as well as the proportion of the food dollar spent on food away from home for each household size increases with income.

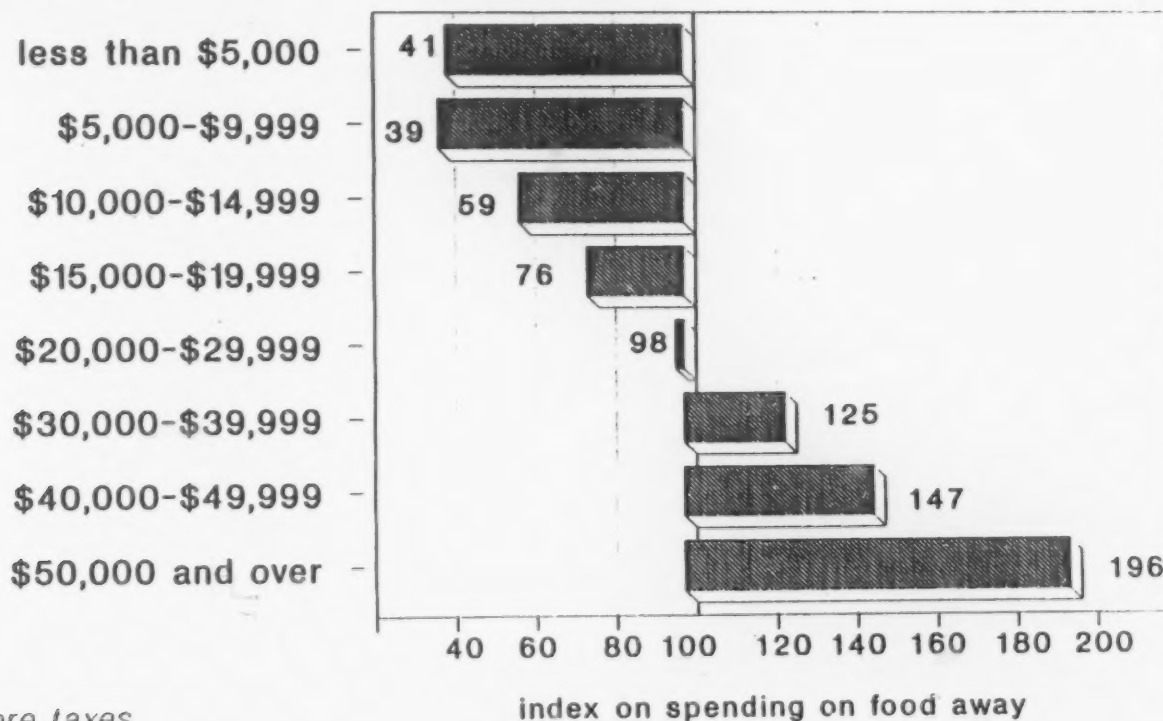
o Smaller households allocate a larger portion of their food budget to food away from home than larger households at the same income level.

Section One

Household spending on
food away from home
defined by single household characteristics

Household expenditures on food away from home by household income*(index)

income before taxes



*income before taxes

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

The role of household income

Household income has a significant impact on spending for food away from home. Generally total household spending, per capita spending and percent of the food dollar spent on food away from home all increase as income increases.

Moreover, the spending indexes indicate that higher income households account for a disproportionately large share of total food away from home dollars. Although households in the lowest income groups, below \$5,000 and \$5,000 to \$9,999 income groups, spend just 40 percent of what would be expected on food away from home based on their representation in the population on food away from home, households in the highest income group, \$50,000 and over, spend nearly double. In fact, although households with income of \$50,000 or more account for 15 percent of all households, 29 percent of all spending on food away from home comes from these households. The apparent income threshold where households start spending a disproportionately high amount on food away from home falls within the \$20,000 to \$29,999 range.

In this same vein, it should be noted that households with income below the \$20,000 per year range have an older household head than those in with income above \$20,000. In fact, households with annual income between \$40,000 and \$49,999 have, on the average, the youngest household heads--42.3 years old.

It is also interesting to note the average number of earners in each income category. In the uppermost groupings (those above \$40,000 per year) two earners are present. As income declines, so does the average number of earners in the household. Among households in the lowest income category (below \$5,000), the average number of earners is slightly higher (0.8) than in households with income between \$5,000 and \$9,999 (0.6).

Household expenditures on food away from home by household income before taxes

Annual household income*	Average household		Average annual expenditures on food away	% food away of		Per capita expenditures on food away
	size	income*		total food budget	total expenditures	
All Households**	2.6	\$28,540	\$1,627	42.8%	6.2%	\$ 626
Less than \$5,000	1.7	\$ 2,329	\$ 666	34.9%	6.2%	\$ 392
\$5,000 to \$9,999	1.9	7,382	638	30.6	5.5	336
\$10,000 to \$14,999	2.2	12,320	968	34.9	5.8	440
\$15,000 to \$19,999	2.5	17,373	1,240	38.8	6.3	496
\$20,000 to \$29,999	2.7	24,591	1,591	42.3	6.4	589
\$30,000 to \$39,999	2.9	34,375	2,031	44.3	6.4	700
\$40,000 to \$49,999	3.2	44,331	2,375	45.0	6.3	742
\$50,000 and over	3.1	74,234	3,186	50.6	6.1	1,028

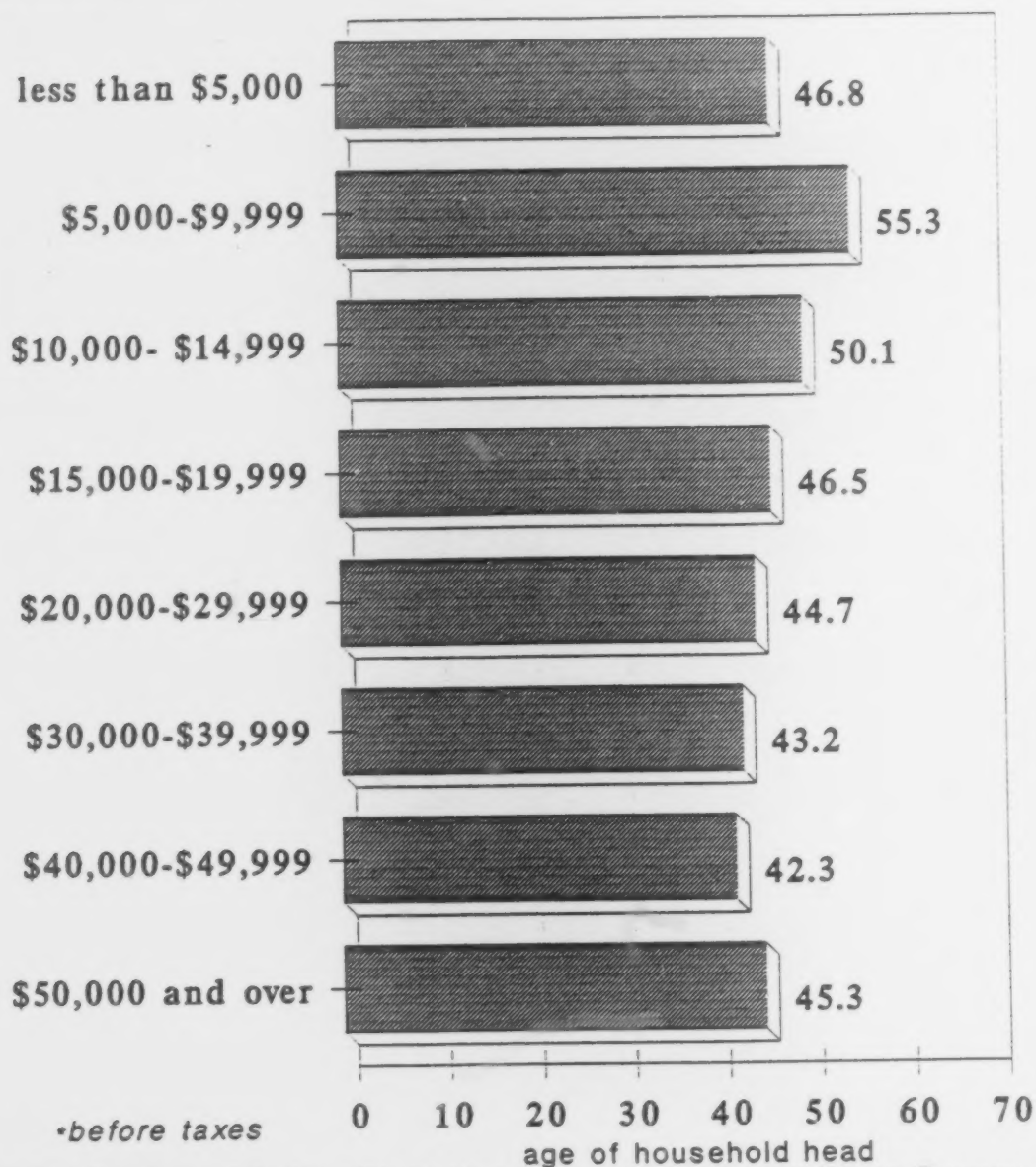
*income before taxes

**only includes those households with complete reporting of income

Source: Bureau of Labor Statistics, Consumer Expenditure Survey 1988; National Restaurant Association

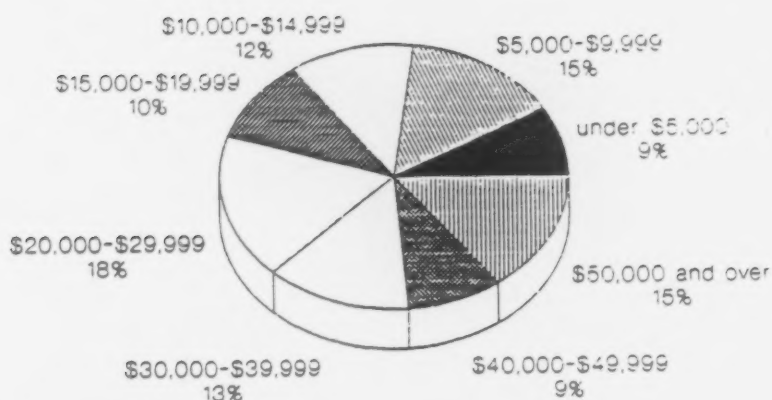
Age of household head by income

household income*



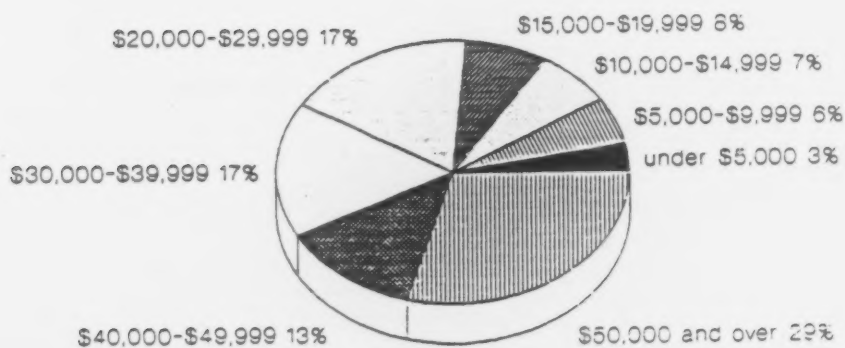
Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Breakdown of households by income before taxes, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Breakdown of total spending on food away from home by household income*, 1988

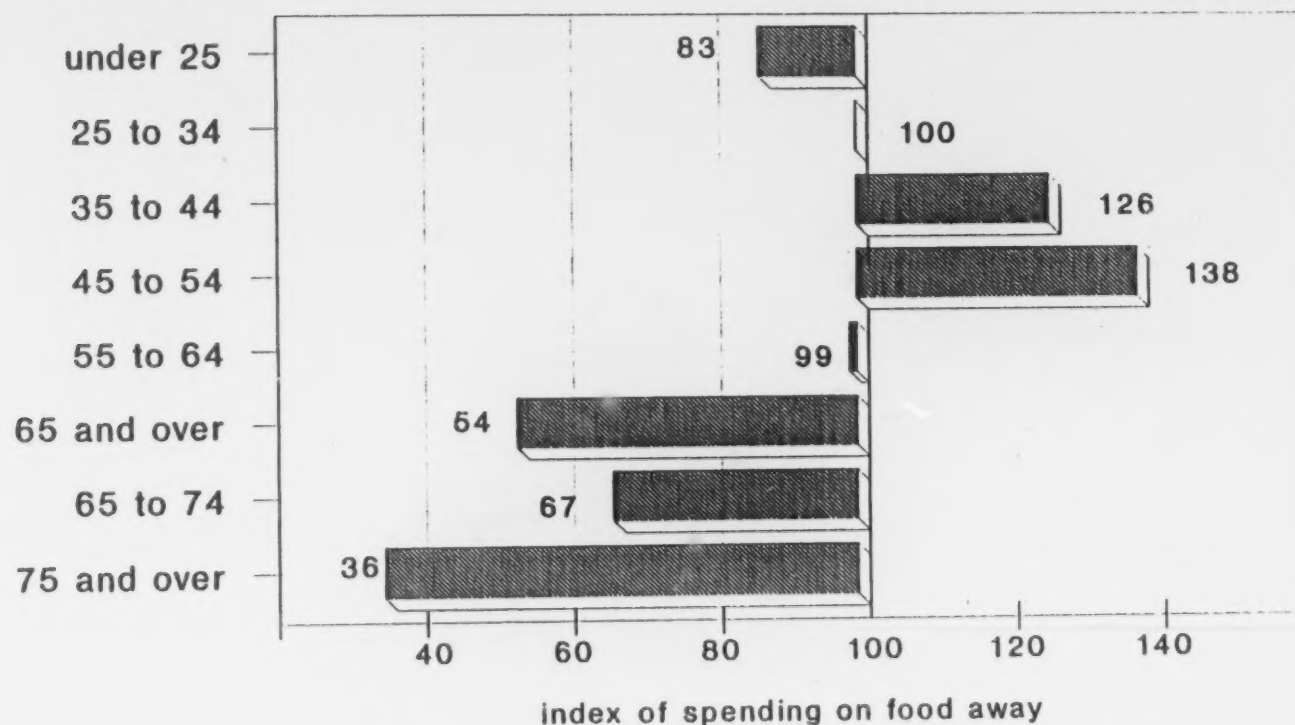


*income before taxes

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Household expenditures on food away from home by age of household head (index)

age group



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

The role of age of household head

Households headed by individuals younger than 25 years old allocate the largest share of their food dollar to food away from home, a substantially larger portion than all households in the United States--54.3 percent compared with 43.0 percent. In addition, these households have the second highest per capita expenditure on food away--\$741--just behind households headed by individuals between 45 and 54.

It is important to note, however, that these young households comprise a relatively small portion of total households (8 percent) and account for an even smaller portion of total household expenditures on food away from home (6 percent). Furthermore, they spend less than average on food away from home on a household basis. This may be attributed to their relatively low annual income, an average of \$14,827 per year, which may in part be due to the number of independent college age students and "just starting out" individuals with high costs of tuition and other living expenses as well as to the relatively small size of these households.

As the age of the household head increases to between 25 and 34 old, per capita expenditures on food away from home and the proportion of the food dollar spent decline. This is largest group of households (23 percent of all households) and the second largest contributor to total expenditures on food away (23 percent). This group might best be classified as baby boomers in the "settling down" years, as household size increases from 1.8 persons to 2.8 persons, and the incidence of home ownership rises from 11 percent for those under 25 years old to 44 percent. New financial responsibilities of a mortgage, property taxes and children likely have a somewhat dampening affect on the ability to allocate the high level to food away from home as seen in households headed by an individual younger than 25 years old.

The older baby boomer households, those with a head between 35 and 44, are the largest in size--3.3 persons. Increased household size indicates that these households are in prime family years. Although home ownership increases (to 66 percent from 44 percent for households headed by a person between 25 and 34), household income increases as well, which helps explain why per capita expenditures on food away from home for this group are somewhat higher than those for households headed by an individual between 25 and 34--\$617 compared with \$578. Although they are the second largest group of all households (21 percent), they contribute the most to total spending on food away from home (27 percent).

Households headed by an individual between 45 and 54 years of age are disproportionately large spending according to the index

data. These households have the highest per capita expenditures on food away from home --\$762 per person--along with the highest annual income (\$39,934), the highest average expenditures on food away from home (\$2,210 per year) and the second highest proportion of the food dollar spent on food away from home (45.9 percent). These households are smaller than those headed by individuals in the 35 to 44 age group (2.9 persons compared with 3.3 persons) suggesting the children are older and have started "leaving the nest". These households may have more free time and more disposable income to spend on food away from home, as housing costs decline for this group, compared with those households headed by a person between 35 and 44 in the prime family bearing years.

Households headed by individuals in the pre-retirement years--between 55 and 64 years old--showed only a small per capita decline in spending on food away from home compared with households headed by individuals between 45 and 54. This group is truly "empty nesters" as household size dips to 2.2 persons from 2.9 persons for households headed by a 45 to 54 year old. The decline in household income could be due to individuals who retire early, although this group still allocates substantially more to food away from home than households headed by an individual 65 years old or older. It should be noted that increased health costs are incurred, up from \$1,258 for households headed by a person between 45 and 54 to \$1,518 for this age group.

Not surprisingly, households headed by older individuals spend a smaller proportion of their food dollar on food away and have smaller annual and per capita expenditures for restaurant meals. The beginning of retirement, typically at or near age 65, brings about a substantial decline in household income, as noted in the more than \$9,000 income drop between households headed by an individual between 55 and 64 and those headed by an individual between 65 and 74. Household income declines further as age increases to 75 and older. Lower income combined with special diet requirements for some in this group as well as less ability to get around could also lead to the large decline in spending on food away from home. With an aging population and their low expenditures on food away from home, it is not surprising that this group accounts for a larger share of households than share of total expenditures on food away from home.

Household expenditures on food away from home by age of household head

Age of reference person	Average household		Average annual expenditures on food away	% food away of		Per capita expenditures on food away
	size	income*		total food budget	total expenditures	
All Households	2.6	\$28,540	\$1,612	43.0%	6.2%	\$620
under 25	1.8	\$14,827	\$1,334	54.3%	8.1%	\$741
25 to 34	2.8	28,318	1,618	44.2	6.3	578
35 to 44	3.3	36,428	2,037	43.9	6.2	617
45 to 54	2.9	39,934	2,210	45.9	6.7	762
55 to 64	2.2	29,979	1,597	40.4	6.2	726
65 and over	1.8	17,754	872	33.8	5.0	484
65 to 74	2.0	20,704	1,081	35.9	5.4	541
75 and over	1.5	13,707	566	29.2	4.2	377

*income before taxes

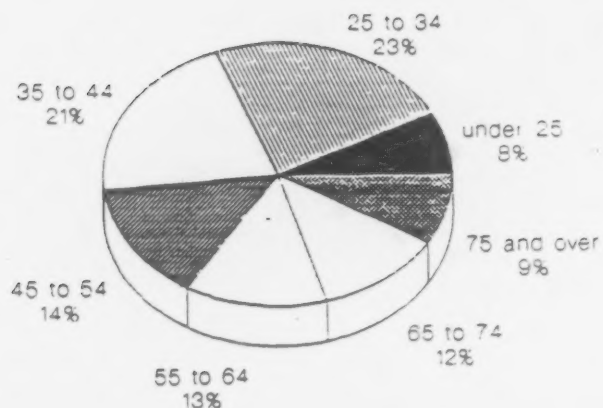
Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1988; National Restaurant Association

Household ownership and housing expenditure by age of household head

<u>average age of household head</u>	<u>percent owning home</u>	<u>average annual housing expenditure</u>
Under 25	11%	\$ 4,746
25 to 34	44	8,469
35 to 44	66	10,467
45 to 54	74	9,672
55 to 64	79	7,757
65 and over	77	5,551
65 to 74	79	6,178
75 and over	73	4,682

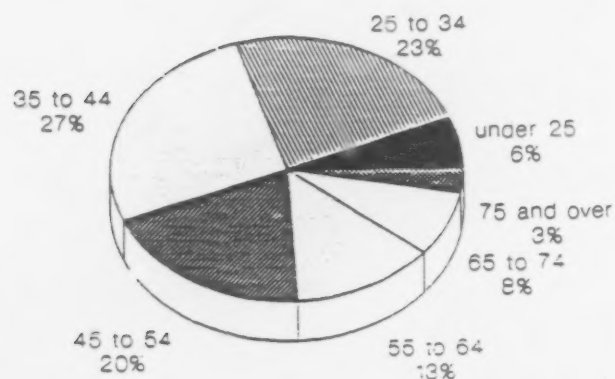
Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*,
1988; National Restaurant Association

Breakdown of households by age of household head, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

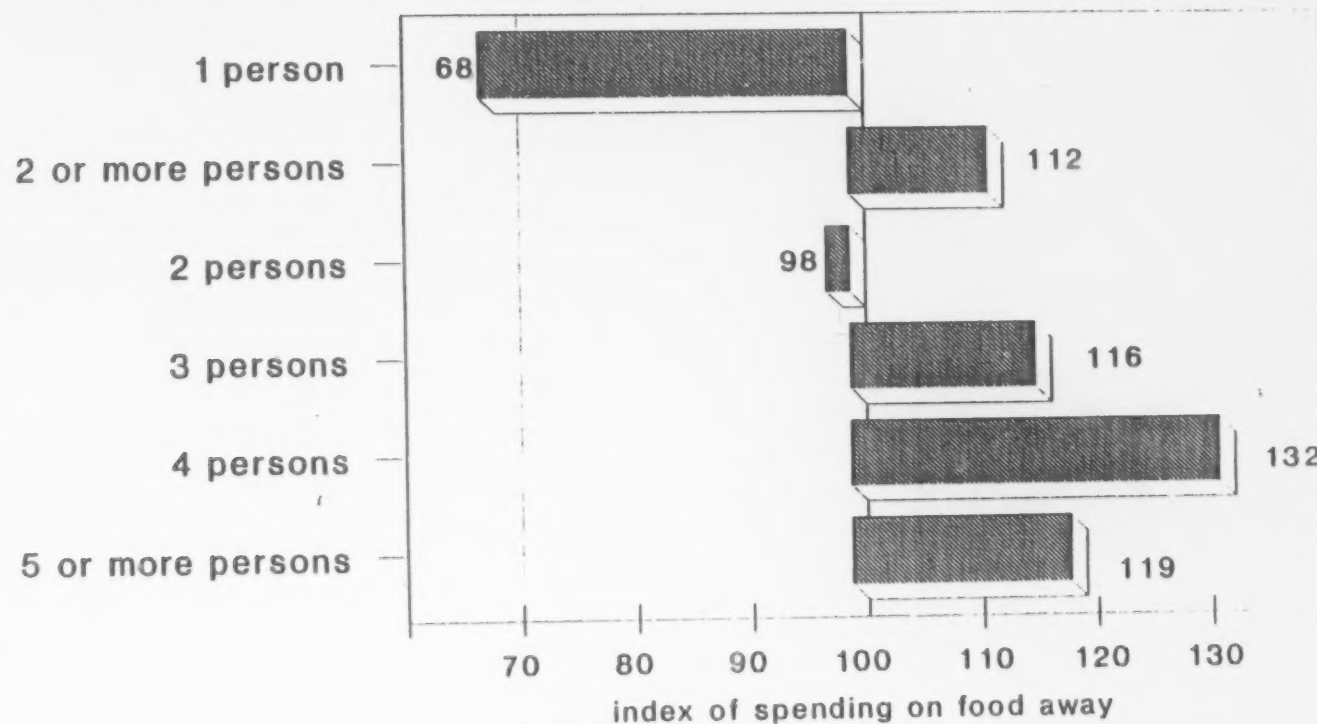
Breakdown of total spending on food away from home by age of household head, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Household expenditures on food away from home by household size (index)

household size



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

The role of household size

One way to look at expenditures on food away from home by household size is to examine the influence that adding one person to the household has on spending for food away from home.

One person households recorded the largest per capita expenditure and largest proportion of the food dollar on food away from home. When household size increases to two persons, the per capita expenditure declines by \$310 per person per year, or by more than 28 percent. After this sharp decline, however, the affect of adding another person to the household moderates. In going from two to three people, per capita expenditures drop by \$162 per person per year, or 21 percent, and so on.

Although one person households recorded the largest per capita expenditure on food away from home--\$1,099 or 52.7 percent of the food budget, these households are disproportionately low spenders. Despite high per capita spending one person households are below average contributors to total spending. Lower average household income (\$16,090) is part of the reason. (see income data page 8). Moreover, these households had the second highest average age of household head, which may indicate a mixture of both young (under 25) and old individuals (75 and over) living alone (see pages 13 and 14 for data on age of household head). Low spending on food away from home by older individuals and those with lower income is probably behind the disproportionately low spending among these single person households.

Conversely, as household size increases, average income increases and average age of the household head decreases. Four person households had the highest average income and youngest household heads.

Interestingly, the average age of the household head of 4 person households was 39.7 and the average household income was \$38,944. This group, which recorded the highest index value (132) includes many baby boomers who have settled down and started their families.

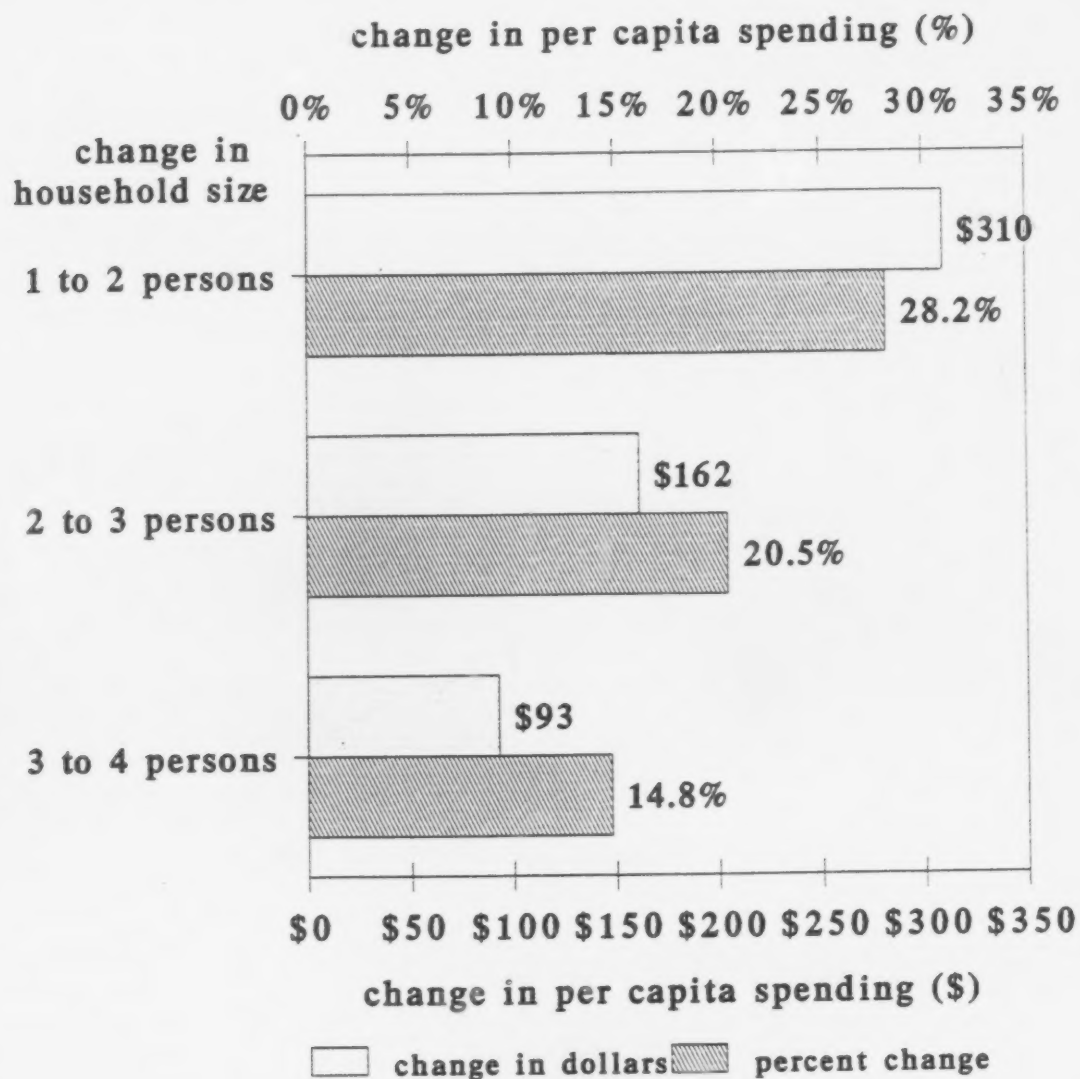
Household expenditures on food away from home by household size

Household size	Average household		Average annual expenditures on food away	% food away of		Per capita expenditures on food away
	size	income*		total food budget	total expenditures	
All Households	2.6	\$28,540	\$1,612	43.0%	6.2%	\$ 620
1 person	1.0	\$16,090	\$1,099	52.7%	7.0%	\$1,099
2 or more persons	3.2	33,540	1,813	41.2	6.1	567
2 persons	2.0	30,444	1,578	43.8	6.0	789
3 persons	3.0	33,862	1,880	42.7	6.2	627
4 persons	4.0	38,944	2,137	41.0	6.2	534
5 or more persons	5.7	34,417	1,928	34.7	5.9	338

*income before taxes

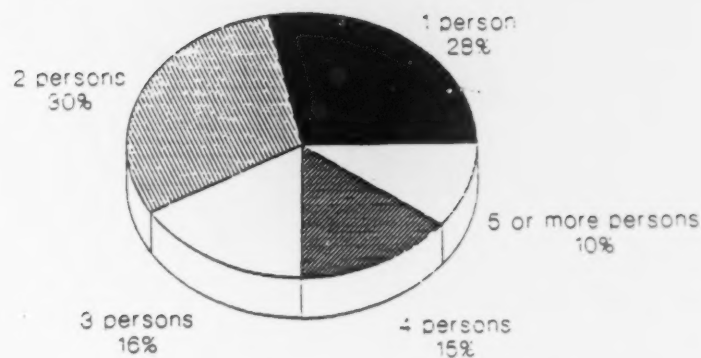
Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1988; National Restaurant Association

Change in spending on food away from home by adding one person to household



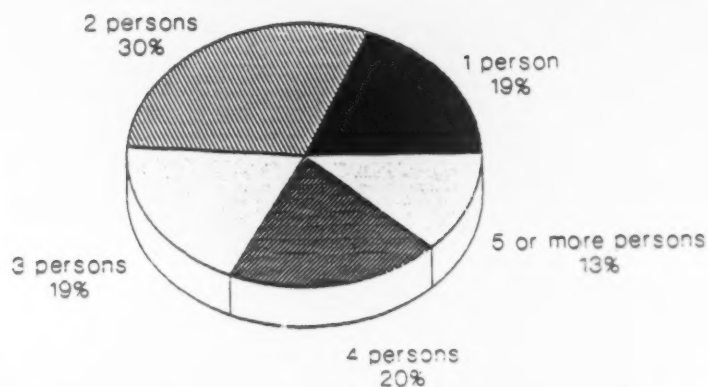
Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Breakdown of households by size, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

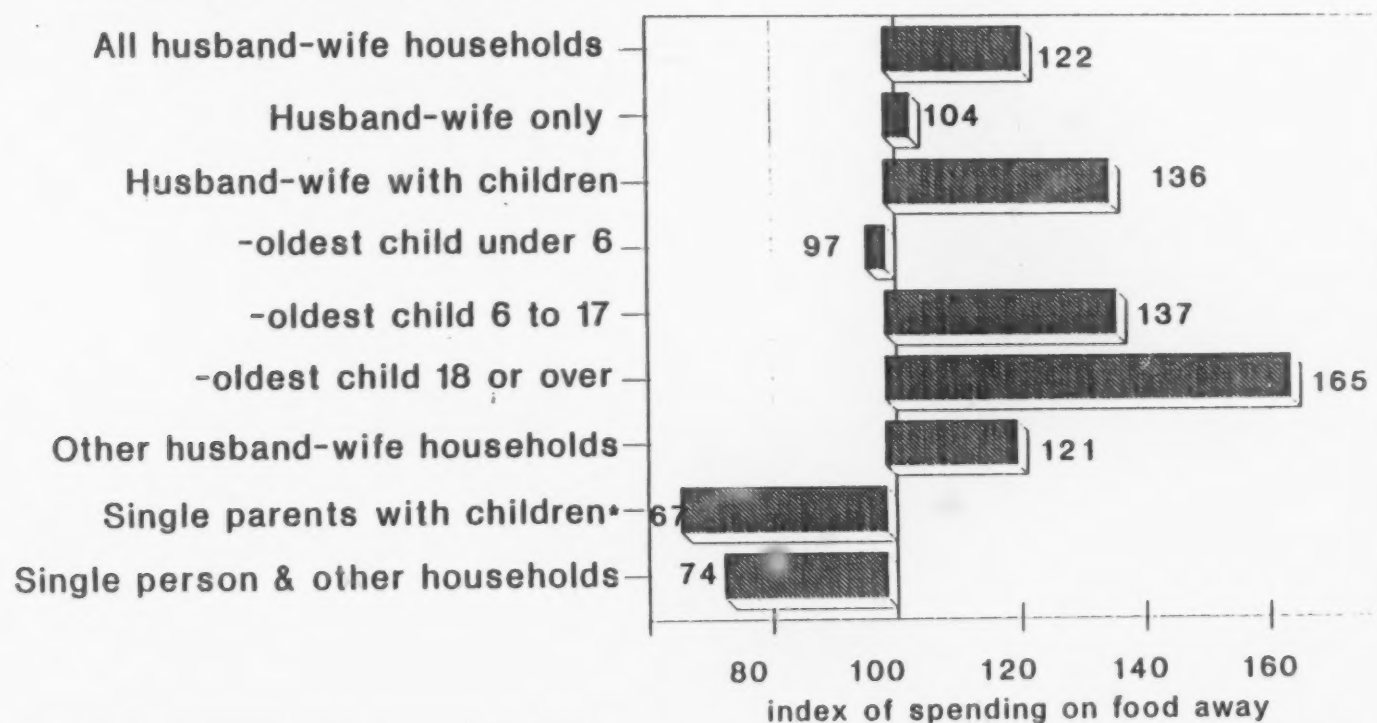
Breakdown of total spending on food away from home by household size



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Household expenditures on food away from home by household composition (index)

household composition



*single parents with dependent children

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

The role of household composition

Because of its role in influencing both discretionary income and its allocation, household composition is an important factor in household spending on food away from home. The role of children and their ages on spending at restaurants can be studied by examining household composition, as can the effect of being a single parent or a single (unmarried) person.

Among the households examined, husband-wife households without children, including both couples who have not yet had children as well as "empty nesters", had the highest per capita expenditure on food away from home among the households--\$834 per person per year. In comparison, husband-wife families with children spent an average of \$560 per person per year on food away from home. Apparently the absence of children may free up money and time for eating away from home. In addition, these households may dine at more expensive restaurants where parents accompanied by children do not often go.

The age of the children in the household also has a noticeable effect on spending on food away from home. Husband-wife households where the oldest child is under 6 spent considerably less per person on food away from home than husband-wife households where the oldest child was 18 years old or older--\$446 compared with \$680. Most obviously, this is attributable to household income, which is considerably lower for husband-wife families where the oldest child is under 6 than those where the oldest child is 18 or over--\$34,318 compared with \$45,596. However, other costs (education, health care) are considerably lower for these households with young children.

Households with children where there is just one parent spend substantially less on food away from home than husband-wife households with children. Single parents with dependent children spent only \$370 per person per year on food away from home, compared with \$560 for all husband-wife families with children. The drop in annual income in the absence of a second parent, down to \$16,276 per year from \$39,354 for all husband-wife families with children, probably has the greatest downward pressure on spending for food away from home.

In contrast, single person and other households, such as unmarried roommates, had a higher per capita expenditure (\$791) on food away from home than all husband-wife households (\$596), husband-wife households with children (\$560) and single parent households (\$370). These households also allocated a larger proportion of their food dollar to food away from home than any other household type--48.4 percent. Lower expenditures than other households for housing and apparel and other services, and fewer time constraints may have pushed expenditures for food away from home upward in these households.

Household expenditures on food away from home by household composition

Household composition	Average household		Average annual expenditures on food away	% food away of		Per capita expenditures on food away
	size	income		total food budget	total expenditures	
All Households	2.6	\$28,540	\$1,612	43.0%	6.2%	\$620
All husband-wife households	3.3	\$37,299	\$1,967	41.6%	6.1%	\$596
Husband-wife only	2.0	33,825	1,667	43.7	6.0	834
Husband-wife with children	3.9	39,354	2,185	41.3	6.2	560
oldest child						
under 6	3.5	34,318	1,561	38.3	5.0	446
6 to 17	4.1	38,039	2,205	40.3	6.3	538
18 or older	3.9	45,596	2,653	44.5	7.0	680
Other husband-wife households	5.1	40,846	1,949	35.4	5.5	382
Single parents	2.9	16,276	1,074	35.7	5.8	370
Single person and other households	1.5	18,509	1,187	48.4	6.6	791

*income before taxes

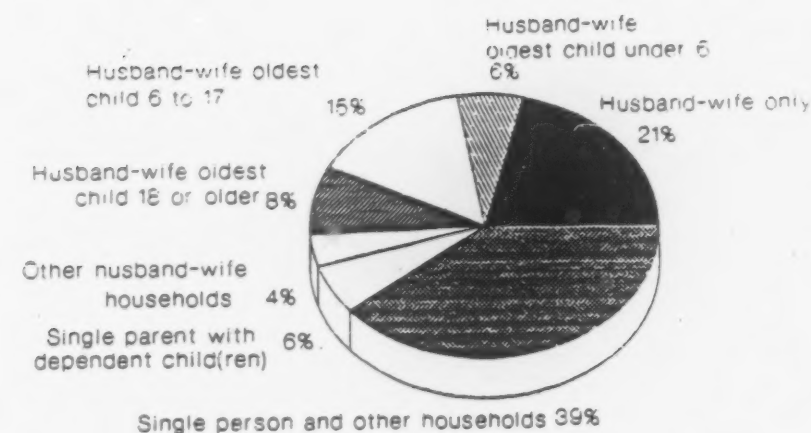
Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1988; National Restaurant Association

How changes in household composition affect spending on food away from home

Scenario	Household compositions compared	Change in per capita spending on food away from home
Adding a child	Husband-wife only to husband-wife-child	-32.9%
Families with young children vs. families with older children	Husband-wife-oldest child under 6 to husband-wife-oldest child 18 or over	52.5%
Absence of parent	Husband-wife-child to single parents with child(ren)	-33.9%
Marriage, with or without children	Husband-wife to single person and other households	32.8%

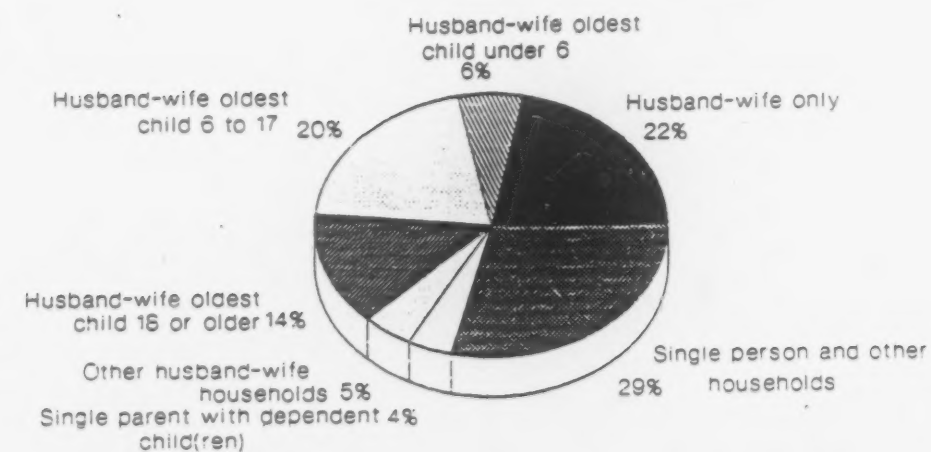
Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Breakdown of households by composition 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

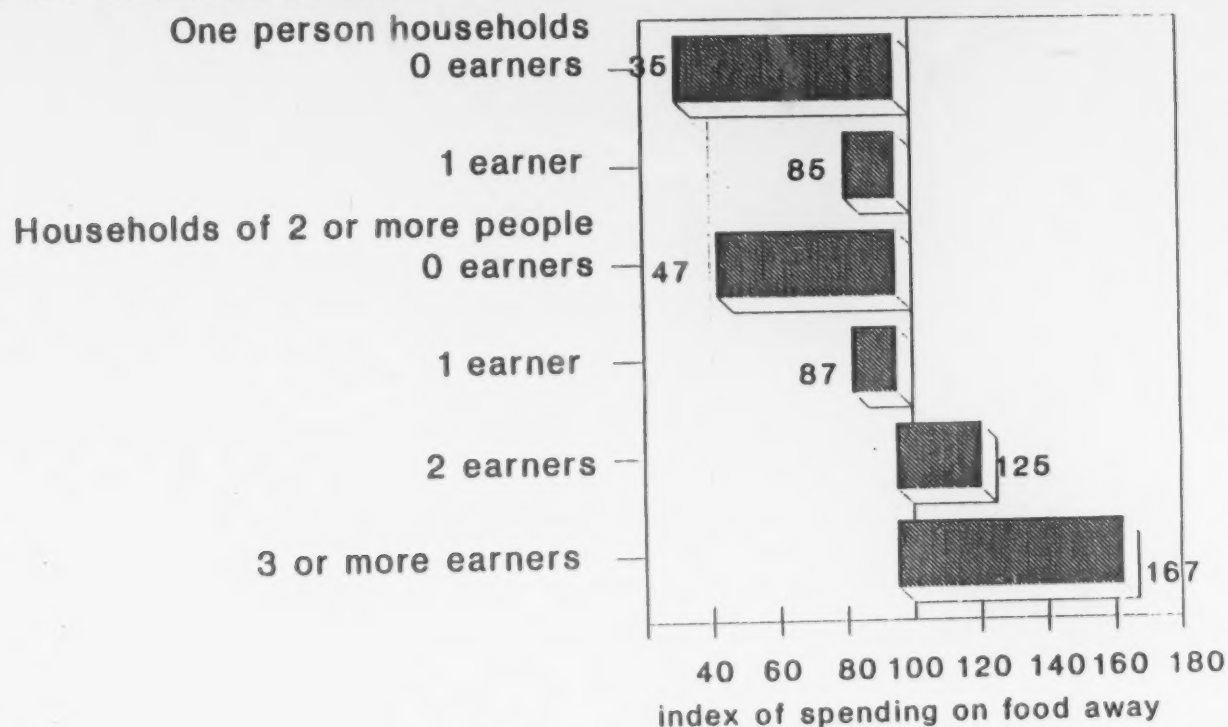
Breakdown of total spending on food away from home by household composition, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Household expenditures on food away from home by number of household earners (index)

number of earners in household



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

The role of the number of household earners

An increase in the number of household earners increases household income and spending by those households on food away from home.

For example, one person households with no earners had an average annual income of \$8,825 and spent \$558 per year on food away from home. One person households with one earner had an average annual income of \$19,757 and spent an average of \$1,375 per year on food away from home--more than double of what households with no earners spent.

Not surprisingly, households of two or more people with three or more earners had the highest annual expenditures on food away from home--\$2,703 and the highest average annual income--\$46,963. Interestingly, these households spent less on a per capita basis for food away from home than households of two or more with two earners--\$614 compared with \$650. On examining other expenditures by these two groups, multi-person households with three or more earners had higher expenditures for housing, apparel and services, and transportation than multi-person households with two earners.

Multi-person households with three or more earners had the disproportionately highest expenditures on food away from home. This could possibly be attributed to the extra earner eating out for lunch or other meal while at work.

Household expenditures on food away from home by number of household earners

Number of household earners	Average household		Average annual expenditures on food away	% food away of		Per capita expenditures on food away
	size	income		total food budget	total expenditures	
All Households	2.6	\$28,540	\$1,612	43.0%	6.2%	\$ 620
1 person households						
0 earners	1.0	\$ 8,825	\$ 558	34.1%	5.4	\$ 558
1 earner	1.0	19,757	1,375	59.3	7.4	1,375
Households of 2 or more						
0 earners	2.5	15,876	762	27.1	4.5	305
1 earner	3.0	26,511	1,393	36.1	5.6	464
2 earners	3.1	38,742	2,014	44.4	6.1	650
3 or more earners	4.4	46,963	2,703	44.5	6.7	614

*income before taxes

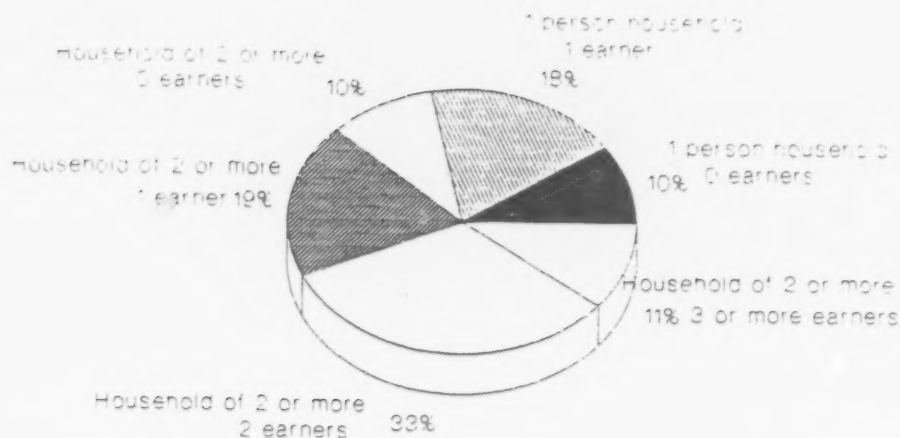
Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1988; National Restaurant Association

Differences in households of 2 or more with 2 and 3 or more earners

	<u>2 earners</u>	<u>3 or more earners</u>
Annual income	\$38,742	\$46,963
Household size	3.1 persons	4.4 persons
Average annual expenditures	\$33,013	\$40,476
Expenditure breakout		
- food away from home	\$ 2,014	\$ 2,703
- housing	\$10,231	\$10,629
- apparel and services	\$ 1,901	\$ 2,571
- transportation	\$ 6,803	\$ 9,215
- health care	\$ 1,403	\$ 1,493

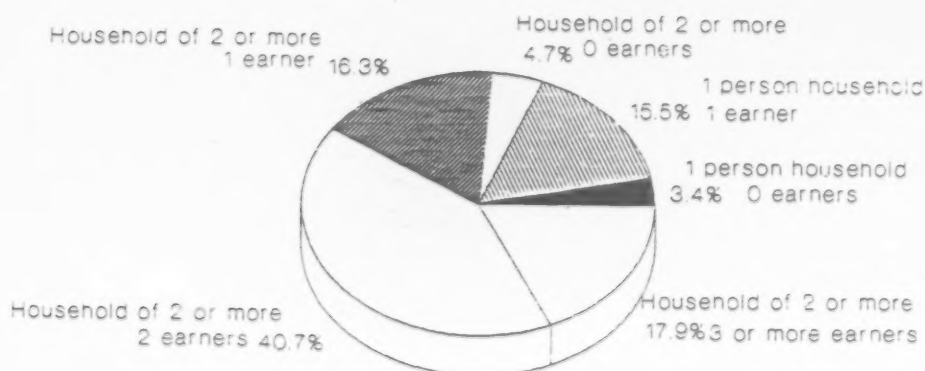
Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*,
1988; National Restaurant Association

Breakdown of households by number of earners, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

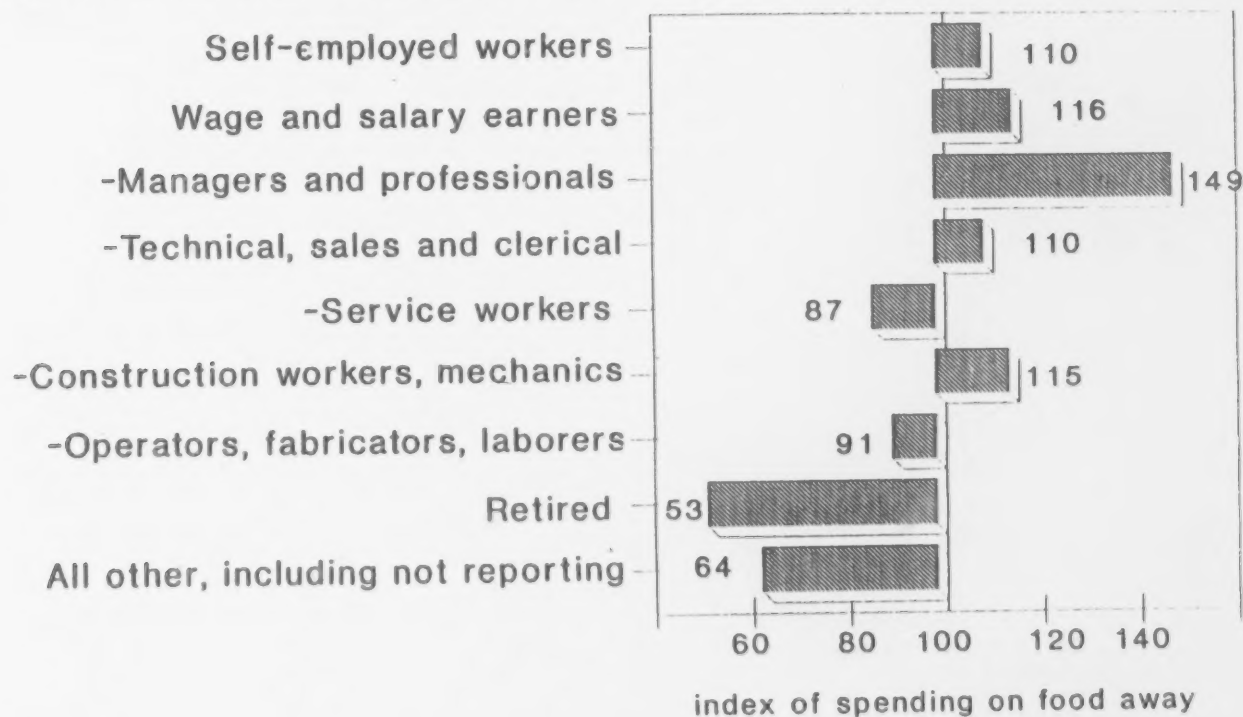
Breakdown of total spending on food away from home by number of earners, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Household expenditures on food away from home by occupation of household head (index)

occupation of household head



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

The role of occupation

Because occupation often affects household income, it is not surprising that it, in turn, has an effect on spending for food away from home.

Households headed by a manager or professional not only have the highest average annual income, they also have the highest total expenditure (\$2,401), per capita expenditure (\$923) and proportion of food dollar spent on food away from home (50.5 percent). In contrast, service workers had the lowest annual expenditures on food away from home (\$1,413) among wage and salary earners, which is somewhat a reflection of lower annual income--\$19,268--the lowest annual income among wage and salary earners. These expenditures on food away from home by households headed by a service worker were significant, however. They accounted for 44 percent of the food dollar in those households and 7.1 percent of total household expenditures. Households headed by an operator, fabricator or laborer had the lowest per capita expenditure on food away from home among wage and salary earners--\$483.

Among households headed by both self-employed workers and wage and salary earners, only households headed by service workers and operators, fabricators and laborers had lower than expected expenditures on food away from home. These two groups had the lowest annual incomes--\$19,268 and \$26,507, respectively, among households in the aforementioned group.

Not surprisingly, retirement has a definite dampening affect on spending on food away from home, largely due to a decline in household income. The average income for a household headed by a retired individual was \$16,486, less than half of that for all households headed by wage or salary earners--\$33,333, and just more than half of households headed by a self-employed person--\$32,320. Total household expenditures on food away from home for retiree households was \$854, only about 60 percent of that for the lowest spending wage and salary earner households--service workers, \$1,413.

In addition to lower income, health care costs for households headed by a retired individual were more than double that for service worker households--\$1,962 compared with \$913. This added expense for health care costs may require that other spending, including spending for food away from home, be curtailed to meet these costs.

Household expenditures on food away from home by occupation of household head

Occupation of household head	Average household		Average annual expenditures on food away	% food away of		Per capita expenditures on food away
	size	income		total food budget	total expenditures	
All Households	2.6	\$28,540	\$1,612	43.0%	6.2%	\$620
Self-employed workers	2.8	\$32,320	\$1,776	43.0%	5.6%	\$634
Wage and salary earners	2.7	33,333	1,872	45.8	6.5	693
- Managers and professionals	2.6	45,088	2,401	50.5	6.5	923
- Technical, sales and clerical	2.5	30,756	1,767	45.8	6.3	707
- Service workers	2.6	19,268	1,413	44.0	7.1	543
- Construction workers and mechanics	3.2	31,497	1,845	43.4	6.5	577
- Operators, fabri- cators and laborers	3.0	26,507	1,449	39.0	6.3	483
Retired	1.8	16,486	854	32.4	5.1	474
All other, including not reporting	2.7	14,145	836	29.6	5.1	310

*income before taxes

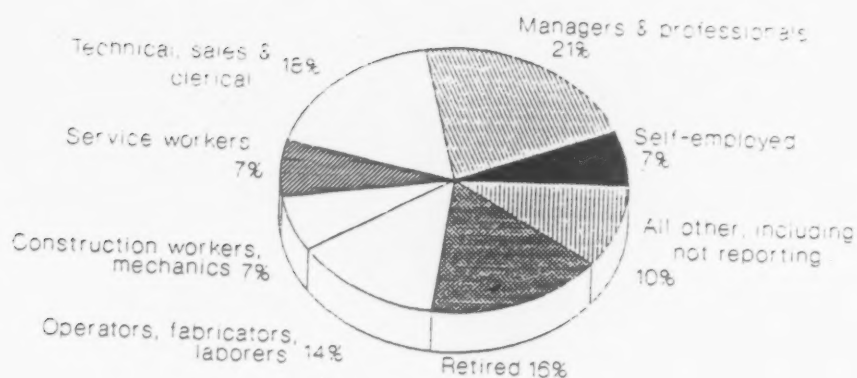
Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1988; National Restaurant Association

Per capita spending on food away from home
per \$1,000 annual income, by occupation
of household head

<u>Occupation</u>	<u>Per capita expenditure on food away from home per \$1,000 annual income</u>
Self-employed	\$54.90
Total wage and salary earners	\$56.16
-Managers and professionals	53.25
-Technical, sales and clerical workers	57.45
-Service workers	73.33
-Construction workers and mechanics	58.58
-Operators, fabricators and laborers	54.66
Retired	51.80
All other, including not reporting	59.10

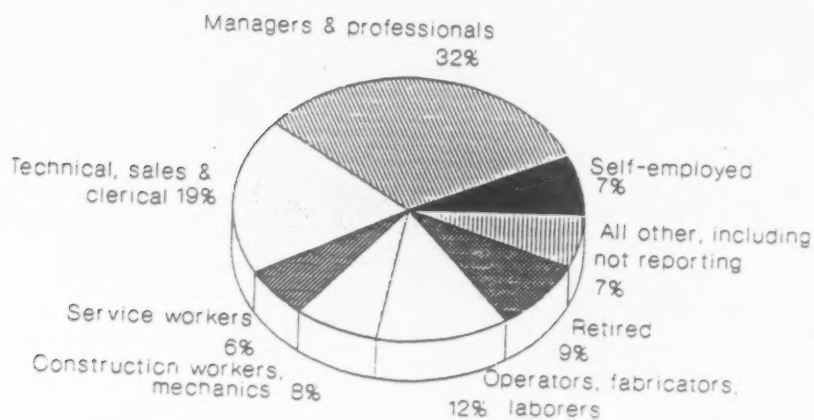
Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*,
1988; National Restaurant Association

Breakdown of households by occupation of household head, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

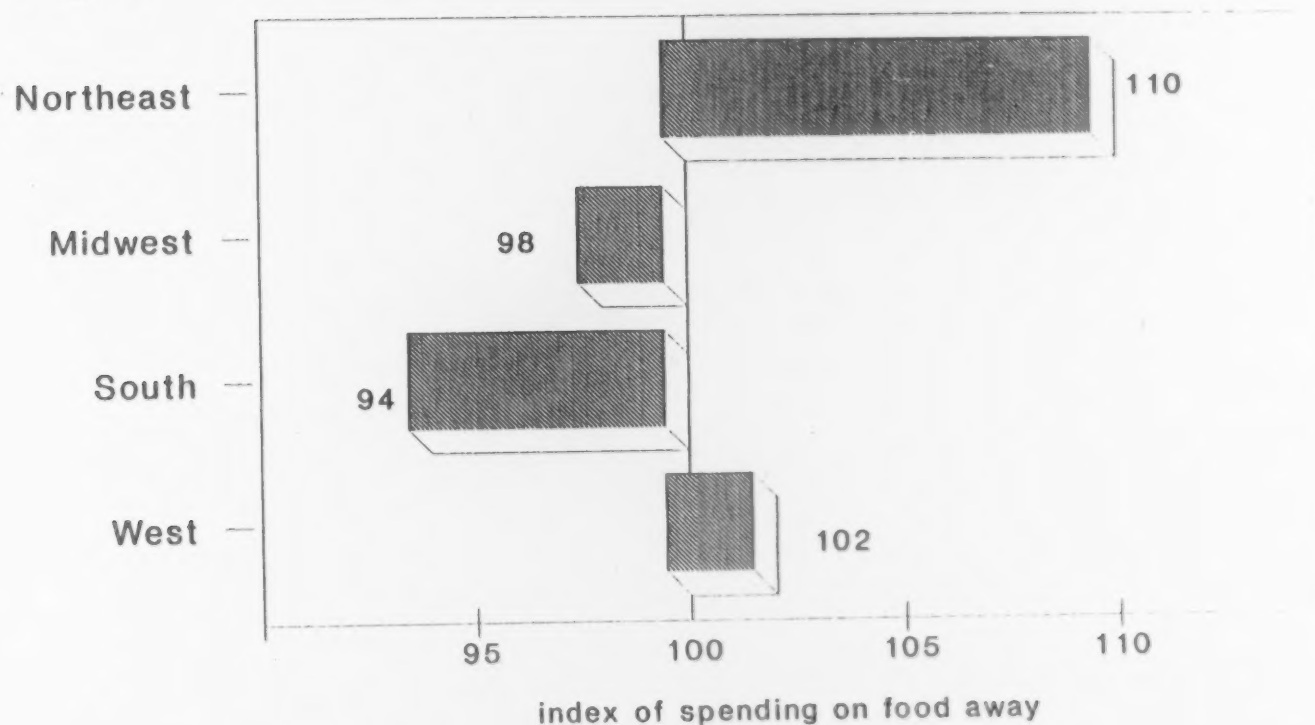
Breakdown of total spending on food away from home by occupation of household head, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Household expenditures on food away from home by region (index)

region



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

The role of region

The region of the country in which a particular household is located appears to have a small influence on the household spending for food away from home. Two regions, the Northeast and the West, showed disproportionately high expenditures on food away from home. Households in the Midwest and South spent a disproportionately low amount on food away from home.

It should be noted that the average household incomes in the Midwest and South regions were somewhat lower than those in the Northeast and West. What is interesting, however, is that although households in the West had the highest average household income (\$30,624) among the four regions, spending on food away from home as both a percent of the food budget (41.9 percent) and as a percent of total expenditures (5.7 percent) was lower than the other regions. By contrast, residents in the Northeast had the second highest annual income tallied the highest percentages in these categories, allocating 44.6 percent of their food dollar, or 6.8 percent of their total expenditures, to food away from home. Other expenditures, specifically for housing and transportation, were higher in the West than any other region of the country.

Households in the Northeast registered the highest per capita expenditure on food away from home (\$712) while households in the South had the lowest (\$582).

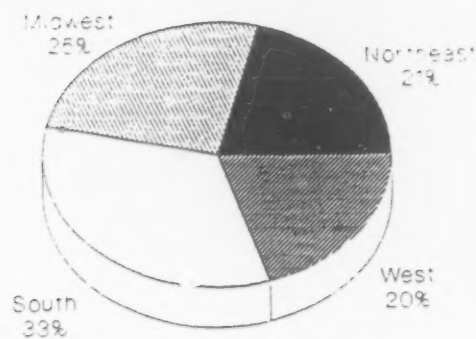
Household expenditures on food away from home by region of residence

Region of residence	Average household		Average annual expenditures on food away	% food away of		Per capita expenditures on food away
	size	income		total food budget	total expenditures	
All Households	2.6	\$28,540	\$1,612	43.0%	6.2%	\$620
Northeast	2.5	\$29,774	\$1,781	44.6%	6.8%	\$712
Midwest	2.6	27,436	1,577	43.1	6.4	607
South	2.6	27,329	1,514	42.6	6.1	582
West	2.6	30,624	1,643	41.9	5.7	632

*income before taxes

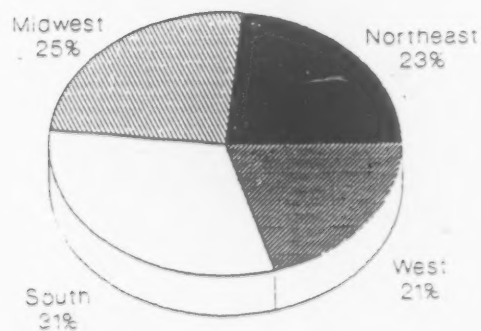
Source: Bureau of Labor Statistics, Consumer Expenditure Survey 1988; National Restaurant Association

Breakdown of households by region, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Breakdown of total spending on food away from home by region, 1988



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association

Section Two

Household spending on
food away from home
defined by two household characteristics

(special cross-tabulated data)

Explanation of cross-tabulations

Although much can be learned about consumer spending by singling out a particular demographic characteristic, cross-tabulation of demographics helps segregate households smaller, more specific groups. Cross-tabulations can help pinpoint the effect of two attributes on household spending as opposed to one, such as the effect of household size and income rather than one or the other.

This can be of great assistance in developing marketing plans as smaller, more specific groups can be targeted.

The role of the age of household head and income

When examining expenditure data based on both age of household head and household income, it becomes apparent that the amount of money spent on food away from home as well as the proportion of the food dollar spent on food away from home within each age category increases with income. In looking at households headed by a person between 35 and 44, for example, per capita expenditures for food away from home increase from \$303 when the household income is below \$5,000 to \$856 when the household income is \$40,000 or more per year.

Further, it is interesting to note that for almost every age group, households with income below \$20,000 per year spend disproportionately low amounts on food away from home, while households with income above \$20,000 spend disproportionately high amounts on food away from home.

An interesting dichotomy occurs in the two lowest income level groups among households headed by a person younger than 25 years old. Households in the lowest income group (below \$5,000) actually spent both a higher portion of their food dollar and a larger per capita amount on food away from home than did households in the \$5,000 to \$9,999 level. On further examination, the average age of those in the lowest income group (20.3 years old) may indicate that these may be student households where income is low, but time demands make spending on food away from home a preferred alternative to cooking at home.

These youngest households spent a larger portion of their food dollar on food away from home than older households in the same income category. Among households with an annual income between \$20,000 and \$29,999, households headed by a person younger than 25 allocated 50.0 percent of their food dollar to food away from home. This proportion declines to 45.6 percent for households headed by a 25 to 34 year old, and continues to fall to as low as 31.9 percent for households headed by a person 75 years old or older.

It is important to note that although these youngest households allocate a larger portion of their food dollar to food away from home, they are not the biggest spenders. Households headed by an individual between 65 and 74 with annual income of \$40,000 or more had the highest per capita expenditures on food away from home--\$1,069. They were followed closely by households headed by an individual between 55 and 64 in the same income category--\$1,028 and those headed by an individual between 45 and 54--\$1,026. These older households spent markedly more on food away from home than their younger counterparts in the same income bracket--all of whom spent less than \$900 per person on food away from home. It is possible that these are "empty nesters" and retirees who, after working and reaping financial success, find themselves with fewer financial demands and are enjoying their income and free time by dining out.

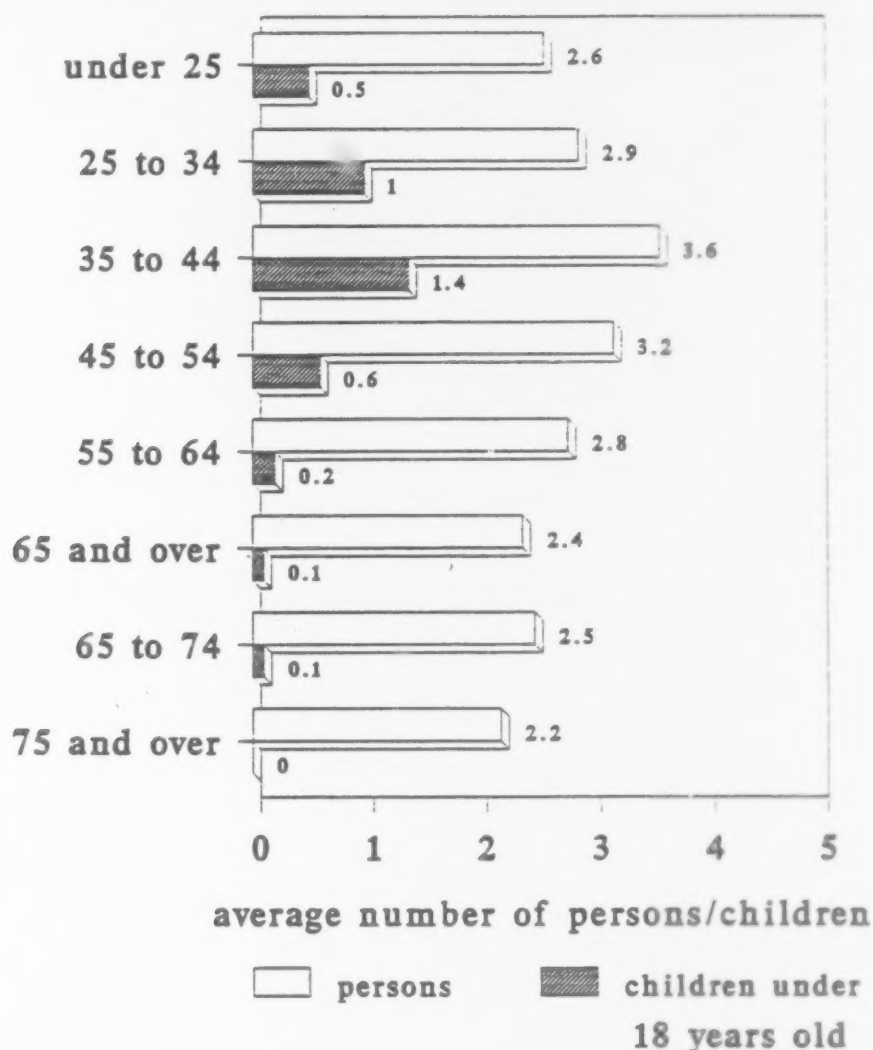
Household expenditures on food away from home by age of household head and income

Age of household head	below \$5,000	\$5,000-\$9,999	\$10,000-\$14,999	\$15,000-\$19,999	\$20,000-\$29,999	\$30,000-\$39,999	\$40,000 and over
Under 25							
-# of households (000)	1,807	1,484	986	808	944	403	237
-amount spent on food away from home	\$ 905	\$ 979	\$1,155	\$1,569	\$1,668	\$2,161	\$2,355
-% food away of total food budget	60.8%	50.9%	52.7%	54.3%	50.0%	56.2%	51.1%
-per capita expenditure on food away	\$ 754	\$ 576	\$ 608	\$ 826	\$ 758	\$ 900	\$ 906
-index of spending on food away	59	61	75	100	100	140	147
25 to 34							
-# of households (000)	1,067	1,680	2,241	2,254	4,430	3,036	4,244
-amount spent on food away from home	\$ 760	\$ 562	\$ 960	\$1,279	\$1,620	\$1,835	\$2,606
-% food away of total food budget	32.0%	27.0%	36.3%	41.7%	45.6%	45.0%	50.0%
-per capita expenditure on food away	\$ 345	\$ 201	\$ 384	\$ 474	\$ 579	\$ 612	\$ 899
-index of spending on food away	46	33	61	82	104	119	167
35 to 44							
-# of households (000)	800	1,132	1,324	1,317	2,878	3,223	5,912
-amount spent on food away from home	\$ 789	\$ 827	\$ 995	\$1,234	\$1,746	\$2,117	\$3,080
-% food away of total food budget	35.0%	30.2%	32.1%	37.1%	43.7%	43.7%	49.7%
-per capita expenditure on food away	\$ 303	\$ 258	\$ 311	\$ 398	\$ 514	\$ 623	\$ 856
-index of spending on food away	50	50	63	81	114	135	197
45 to 54							
-# of households (000)	592	881	867	763	1,885	1,672	4,326
-amount spent on food away from home	\$ 883	\$ 592	\$ 989	\$1,274	\$1,740	\$1,995	\$3,282
-% food away of total food budget	30.4%	23.9%	33.1%	38.1%	41.9%	43.2%	49.5%
-per capita expenditure on food away	\$ 384	\$ 237	\$ 380	\$ 455	\$ 621	\$ 688	\$1,026
-index of spending on food away	57	36	64	80	113	124	211
55 to 64							
-# of households (000)	879	1,469	1,180	1,144	2,067	1,329	2,570
-amount spent on food away from home	\$ 509	\$ 745	\$ 932	\$1,035	\$1,480	\$2,035	\$2,879
-% food away of total food budget	23.6%	29.7%	30.9%	31.8%	37.4%	44.0%	47.8%
-per capita expenditure on food away	\$ 283	\$ 414	\$ 466	\$ 493	\$ 673	\$ 848	\$1,028
-index of spending on food away	36	50	60	64	96	131	181
65 to 74							
-# of households (000)	918	2,620	1,920	1,409	1,496	809	927
-amount spent on food away from home	\$ 415	\$ 582	\$ 905	\$1,098	\$1,543	\$1,792	\$2,673
-% food away of total food budget	23.1%	28.5%	31.4%	33.4%	39.8%	41.0%	46.3%
-per capita expenditure on food away	\$ 277	\$ 388	\$ 476	\$ 523	\$ 701	\$ 747	\$1,069
-index of spending on food away	27	38	58	71	100	110	182
75 and over							
-# of households (000)	1,132	2,937	1,404	607	680	197	324
-amount spent on food away from home	\$ 219	\$ 351	\$ 815	\$ 877	\$ 931	\$1,377	\$1,810
-% food away of total food budget	17.2%	21.6%	31.1%	32.2%	31.9%	41.0%	45.6%
-per capita expenditure on food away	\$ 183	\$ 270	\$ 479	\$ 462	\$ 466	\$ 656	\$ 823
-index of spending on food away	14	22	53	57	63	100	125

Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1988; National Restaurant Association

**Average number of persons and children
in households with income of \$40,000
or more, by age of household head**

age of household head



Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988, National Restaurant Association

The role of household size and income

As with expenditures by age and income, expenditures on food away from home tend to increase for income as household size remains constant. For three person households, expenditures on food away from home accounted for 28.2 percent of the annual food budget and totaled \$292 per person in households with income below \$5,000. Three person households with income of \$40,000 or more spent \$938 per person, or 47.9 percent of their annual food budget, on food away from home.

What is particularly distinguishing about this breakdown is that the addition of an extra person to the household has a more noticeable influence on household spending for food away from home. That is, one person households with an income of \$40,000 or more per year spent 67.6 percent of their food budget, \$2,677 per year, on food away from home. Households of five or more people with income of \$40,000 or more per year spent 43.9 percent of their food budget on food away from home, amounting to \$623 per person--less than one-fourth the amount spent by one person households. The same pattern is true, regardless of income level. One person households simply spend a larger portion of their food dollar and a larger per capita amount on food away from home than larger households.

What is surprising about this fact is that the average age of the household head for these two groups is virtually the same--42.7 for one person households and 42.6 for households of 5 or more persons. It becomes apparent that the presence of children under 18 years of age (2.4 on average in households of 5 or more persons) has a definite curtailing effect on spending on food away from home, even though the larger households had a higher annual average income--\$61,634 compared with \$58,510.

Although one person households had lower average income than households of five or more people, there expenses were also substantially lower--\$40,126 compared with \$49,708. These smaller expenditures for one person households mean more discretionary income available for spending at restaurants.

Household expenditures on food away from home by household size and income

Size of consumer unit	below \$5,000	\$5,000-\$9,999	\$10,000-\$14,999	\$15,000-\$19,999	\$20,000-\$29,999	\$30,000-\$39,999	\$40,000 and over
1 person							
-# of households (000)	4,626	6,485	3,521	2,364	3,316	1,701	1,482
-amount spent on food away from home	\$ 565	\$ 593	\$1,025	\$1,206	\$1,575	\$1,682	\$2,677
-% food away of total food budget	41.4%	37.4%	49.2%	54.7%	58.9%	59.8%	67.6%
-per capita expenditure on food away	\$ 565	\$ 593	\$1,025	\$1,206	\$1,575	\$1,682	\$2,677
-index of spending on food away	35	36	63	76	98	105	167
2 or more persons							
-# of households (000)	2,568	5,718	6,401	5,938	11,064	8,969	17,058
-amount spent on food away from home	\$ 779	\$ 662	\$ 915	\$1,207	\$1,622	\$2,032	\$2,969
-% food away of total food budget	28.2%	24.9%	29.3%	34.0%	39.3%	42.6%	48.3%
-per capita expenditure on food away	\$ 260	\$ 221	\$ 305	\$ 402	\$ 507	\$ 616	\$ 900
-index of spending on food away	47	41	57	75	101	126	184
2 persons							
-# of households (000)	1,301	2,893	3,545	3,103	4,710	3,157	5,667
-amount spent on food away from home	\$ 679	\$ 670	\$ 933	\$1,154	\$1,582	\$1,976	\$2,815
-% food away of total food budget	30.2%	27.2%	31.9%	35.9%	43.0%	47.5%	55.3%
-per capita expenditure on food away	\$ 340	\$ 335	\$ 467	\$ 577	\$ 791	\$ 988	\$1,408
-index of spending on food away	44	42	57	71	98	123	174
3 persons							
-# of households (000)	593	1,279	1,218	1,167	2,594	2,197	4,064
-amount spent on food away from home	\$ 876	\$ 768	\$ 806	\$1,294	\$1,744	\$1,895	\$2,814
-% food away of total food budget	28.2%	28.5%	28.6%	34.2%	42.6%	43.0%	47.9%
-per capita expenditure on food away	\$ 292	\$ 256	\$ 269	\$ 431	\$ 581	\$ 632	\$ 938
-index of spending on food away	57	44	47	86	106	119	174
4 persons							
-# of households (000)	391	825	791	838	2,070	2,163	4,619
-amount spent on food away from home	\$ 948	\$ 639	\$1,046	\$1,317	\$1,659	\$2,133	\$3,008
-% food away of total food budget	29.4%	21.4%	28.1%	35.1%	37.2%	40.3%	45.2%
-per capita expenditure on food away	\$ 237	\$ 160	\$ 262	\$ 329	\$ 415	\$ 533	\$ 752
-index of spending on food away	60	40	60	80	104	130	186
5 or more persons							
-# of households (000)	284	721	847	829	1,689	1,451	2,709
-amount spent on food away from home	\$ 763	\$ 447	\$ 849	\$1,156	\$1,500	\$2,208	\$3,428
-% food away of total food budget	20.6%	15.3%	21.8%	27.1%	29.8%	37.7%	43.9%
-per capita expenditure on food away	\$ 129	\$ 80	\$ 144	\$ 199	\$ 259	\$ 394	\$ 623
-index of spending on food away	67	22	50	70	90	133	215

Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1988; National Restaurant Association

Comparison of small and large households with annual income of \$40,000 or more

	<u>1 person</u>	<u>5 or more persons</u>
Average income	\$58,510	\$61,634
Percent of all households	1.8 percent	3.3 percent
Average age of household head	42.6 years old	42.7 years old
Annual expenditures	\$40,126	\$49,708
Expenditure breakout		
-food away from home per capita	\$ 2,677	\$ 623
-housing	\$13,023	\$13,499
-apparel and services	\$ 2,320	\$ 3,228
-transportation	\$ 6,730	\$ 9,676
-health care	\$ 938	\$ 1,792

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1988; National Restaurant Association



1200 Seventeenth Street, N.W.
Washington, DC 20036



MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)

